

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-02 SS-15

NSC-05 OC-05 CCO-00 TRSE-00 PA-01 PRS-01 USIA-06 /073 W

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R 090429Z JUL 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7236

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROKYO

AMCONSUL HONG KONG

COMUSMACTHAI

C O N F I D E N T I A L BANGKOK 13481

E.O. 11652: GDS

TAGS: EAIR, TH, UK

SUBJ: CIVAIR: UK-RTG RELATIONS

REF: A) BANGKOK 12037 (NOTAL); B) BANGKOK 12807 (NOTAL);
C) BANGKOK 3588 (NOTAL)

1. DR. SISUK OF MINISTRY OF COMMUNICATIONS HAS PROVIDED
FOLLOWING DETAILS OF FARE AND SCHEDULE CHANGES TO BE
IMPOSED ON THAI AIRLINES ON LONDON-BANGKOK AND BANGKOK-
HONG KONG SECTORS:

A. RTG WILL PUBLISH OFFICIAL FARES, TO BE JOINTLY
AGREED TO BY THAI INTER AND BRITISH AIRWAYS/CATHAY PACIFIC,
FOR BOTH SECTORS, AND WILL SUSPEND FOR MALPRACTICE ANY AIRLINE
WHICH DISCOUNTS TICKETS IN THESE MARKETS.

B. RTG WILL, PRIOR TO JULY 31, AT BRITISH INSISTENCE,
FILE NEW SCHEDULES FOR THAI INTER AND AIR SIAM TO BECOME
EFFECTIVE IN SEPTEMBER, LIMITING TOTAL CAPACITY TO LESS
THAN 4312 SEATS PER WEEK BANGKOK-HONG KONG AND LESS THAN
2156 PER WEEK BEYOND HONG KONG. (TOTALS ARE BASED ON 2156
SEATS PER WEEK OFFERED HONG KONG - BANGKOK BY CATHAY PACIFIC).

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2. EFFECT OF NEW SCHEDULES WILL BE TO REDUCE THAI AIR-
LINES SEATS THROUGH HONG KONG BY ABOUT 40 PERCENT. AXE
WILL FALL HEAVIEST ON AIR SIAM, SINCE MINISTRY HAS TAKEN
POSITION THAT THAI AIRLINES SHOULD FALL BACK TO LEVEL OF
SERVICES EACH PROVIDED IN 1971-72, IN AIR SIAM'S INFANCY.
AS PRACTICAL MATTER, BOTH THAI INTER AND AIR SIAM ARE
PLANNING INITIALLY TO OVERFLY HONG KONG ON SOME SERVICES
TO AND FROM TAIWAN, JAPAN, AND U.S., RATHER THAN TO CUT
BACK LEVELS OF SUCH SERVICES. EVEN THIS CHANGE, HOWEVER,
WILL BE A MAJOR BLOW TO AIR SIAM WHICH DEPENDS ON IM-
PORTANT HONG KONG SECTOR REVENUES TO FLESH OUT MAIN
JAPAN-U.S. SERVICES. IN ADDITION, REDUCED ACCESS TO
HONG KONG APPARENTLY MEANS THAT AIR SIAM'S DAILY AIRBUS
TURNAROUND SERVICE TO HONG KONG WILL BE REDUCED TO
ABOUT TWO PER WEEK, AND PROBABLY MEANS AIR SIAM WILL
ABANDON PLANS TO ACQUIRE SECOND AIRBUS.

3. INTERESTING SIDELIGHT TO FOREGOING IS THAT AIR SIAM
HAS LAUNCHED PERSONAL ATTACK ON DR. SIRILAK, UNDER SECRE-
TARY, MINISTRY OF COMMUNICATIONS, ACCUSING HIM OF SEEKING
TO DESTROY AIR SIAM. AS FIRST STEP, VIRACHAI VANNUKUL,
PRESIDENT OF AIR SIAM, ALLEGED IN JULY 6 PRESS CONFERENCE
THAT DR. SIRILAK'S CONDUCT OF NEGOTIATIONS WITH UK WAS
"ABSURD" AND "HOPELESSLY INEPT," AND IMPLIED THAT RTG
NEGOTIATORS ACCEPTED BRIBES FROM FOREIGN AIRLINES IN-
VOLVED WHEN CONDUCTING ROUTE RIGHTS NEGOTIATIONS WITH THE
U.S. AND UK. SUBSEQUENTLY, ON JULY 8, PRINCESS SUDHASIRI
SOPHA, AIR SIAM'S CHAIRMAN (WHO IS RELATED TO THE KING
BY MARRIAGE) SENT FORMAL LETTERS OF COMPLAINT TO THE
PRIME MINISTER AND THE MINISTER OF COMMUNICATIONS,
ACCUSING DR. SIRILAK OF "GROSS BIAS AGAINST AIR SIAM
IN ALL AREAS OF RESPONSIBILITY."

4. WE CANNOT PREDICT WITH ANY CONFIEENCE WHERE ALL
THIS WILL LEAD, BUT IT IS CERTAIN THAT AIR SIAM'S
DYNAMIC LEADER WILL DO ALL IN HIS POWER, WHICH IS CON-
SIDERABLE, TO SIDESLIP THIS NEW DANGER TO AIR SIAM'S
INTERESTS. ASIDE FROM THE VENDETTA WITH DR. SIRILAK,
CONCEIVABLY AIR SIAM, AND POSSIBLY THAI INTER, WILL
URGE RTG TO SEEK NEW ROUTE RIGHTS FROM U.S. TO COMPENSATE
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FOR LOSS OF ACCESS TO HONG KONG, POINTING TO FACT THE
RTG ENJOYS FAVORABLE BALANCE OF BENEFITS UNDER UK AIR
AGREEMENT BUT STANDS IN DEFICIT UNDER BILATERAL AGREE-
MENT WITH USG. AS FOR DR. SIRILAK, WE BELIEVE HE AND
OTHERS IN THAI INTER CLIQUE ARE PREPARED TO GO TO GREAT
LENGTHS TO TORPEDO MANDATE, CARRIED OVER FROM SANYA
GOVERNMENT, TO MERGE THAI INTER AND AIR SIAM IN 1977.
IT IS POSSIBLE, THEREFORE, THAT HE MAY TRY TO INJECT

INTO LOCAL QUARREL FACTOR OF U.S. GRAND JURY PROCEEDING
AGAINST AIR SIAM'S MALPRAITICES, OR EVEN PROVOKE CON-
FRONTATION WITH USG OVER ROUTE RIGHTS IN HOPE USG WILL
INFLECT DAMAGE ON AIR SIAM (REF. C).
WHITEHOUSE

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Message Attributes

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